CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

October 19, 2000

H.R. 2389
Secure Rural Schools and Community Self-Determination Act of 2000

As cleared by the Congress on October 10, 2000

SUMMARY

CBO estimates that enacting H.R. 2389 would increase direct spending by $21 million in fiscal year 2001 and by about $1.1 billion over the next five years.

Title I of H.R. 2389 would require additional payments to those states and counties that received a portion of the receipts from the sale of resources on certain federal lands during fiscal years 1986 through 1999. We estimate that those additional payments would cost about $1 billion over the 2002-2005 period. Title V would amend the Mineral Leasing Act to change the method used to calculate amounts paid to states from federal onshore mineral leasing receipts. We estimate that enacting that title would increase payments to states by $111 million over the 2001-2005 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of H.R. 2389 on direct spending is shown in the following table. Only the estimated changes in the budget year and the succeeding four years are counted for pay-as-you-go purposes. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	21	256	270	277	282	288	294	25	26	26
Changes in receipts	Not applicable									

BASIS OF ESTIMATE

Title I of H.R. 2389 would increase federal payments to those states and counties that received a portion of the receipts from the sale of resources, particularly timber, on certain federal lands during fiscal years 1986 through 1999. Title V would amend current law to increase the portion of onshore mineral receipts that is paid to states.

Title I: Additional Payments to States and Counties

Under current law, offsetting receipts generated from the sale of resources on federal land result in payments to states and counties based on formulas specific to the type of federal land involved and are known as receipt-sharing payments. H.R. 2389 would affect receipt-sharing payments from three types of federal land: National Forest System (NFS) lands, which are managed by the Forest Service; Oregon and California Railroad grant lands, which are managed by the Bureau of Land Management (BLM) or the Forest Service; and Coos Bay Wagon Road (CBWR) grant lands, which are managed by BLM.

Eligible states and counties receive 25 percent of the receipts from the sale of resources in NFS land, and 50 percent of receipts form the use of Oregon and California grant lands and Coos Bay Wagon Road grant lands are distributed to eligible counties. However, a different payment process is temporarily in effect for certain counties where federal land is affected by decisions related to the northern spotted owl. Under the Omnibus Budget Reconciliation Act of 1993 (OBRA-93), those counties receive a special guaranteed payment (also called a safety net payment) through fiscal year 2003 based on the historic levels of the receipt-sharing payments from the federal government.

H.R. 2389 would repeal the current safety net payments created by OBRA-93 and replace them with the new payment for each state or county calculated under the legislation. Starting in fiscal year 2002, each affected county could choose to receive either the receipt-sharing payment currently applicable to the federal land in that jurisdiction, or an amount based on the average of the three highest receipt-sharing payments (or safety net payments) that the county received between 1986 and 1999. The legislation would require continuing such payments through 2007, including annual adjustments for inflation. The legislation specifies that the additional payments required by H.R. 2389 would be made either from receipts from the use of certain federal lands, or from the general fund in the Treasury. Based on information from the Forest Service and BLM, we estimate that the payments required by H.R. 2389 would increase federal payments by $234 million in 2002 and a total of about $1.5 billion over the 2002-2007 period. About $1.1 billion of that total would occur over the 2002-2005 period and would thus be subject to pay-as-you-go procedures.

Title V: Increasing Payments to States from Onshore Mineral Receipts

Under current law, a portion of the federal government's annual costs to administer onshore mineral leasing programs is deducted from gross onshore mineral receipts prior to making payments to states in the following year. States receive 50 percent of those net receipts, except Alaska, which receives 90 percent of net onshore mineral receipts generated in that state. H.R. 2389 would amend current law so that no federal administrative costs would be deducted from gross onshore mineral receipts before making payments to states.

According to the Minerals Management Service (MMS), the agency responsible for calculating these payments to states, about $21 million—18 percent of federal administrative costs for the onshore minerals management program incurred during 1999—was deducted from payments made to states for fiscal year 2000. Under H.R. 2389, such deductions would no longer be made. As a result, based on information from the MMS, CBO estimates that enacting H.R. 2389 would increase direct spending for payments to states by $21 million in 2001 and by $111 million over the 2001-2005 period. That estimate assumes that federal costs for administering onshore mineral leasing will continue to be about $117 million a year (adjusted annually for inflation) and that, under current law, payments to states would be reduced by 18 percent of those administrative costs.

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